SHOOTING STAR TECHNOLOGIES INC.

PUTTING THE PATIENT FIRST – WORLDWIDE.

1996 ANNUAL REPORT

Corporate Profile

Shooting Star Technologies owns interests in eye surgery centres across the Asia-Pacific and North and South American regions. The company grants joint venture partners the use of the Gimbel Eye Centre name and Care Track™ systems for eye surgery services. Shooting Star also provides ophthalmic practitioners with access to a wide range of professional support from Gimbel Eye Centre including staff and physician training, clinical and surgical operations, marketing and other consultation services.

Shooting Star is very proud of its association with Gimbel Eye Centre and is committed to incorporating the Centre's vision, mission and values as an integral part of its joint ventures.

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Mission Statement

To provide patients with the highest quality ophthalmic equipment, facilities and staff in our surgery centres, while creating sustained value for our shareholders.

Vision Statement

To be the recognized leader for the professional development and operation of ophthalmic surgery centres internationally.

Corporate Profile

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HIGHLIGHTS

- Signed memoranda of understanding in Brazil, Thailand and the People's Republic of China.
- Completed 514 refractive surgeries at Las Vegas site in first year of operations.
- Completed construction of Gimbel Eye Centre - Toronto.
- Completed construction of Gimbel Eye Centre - Vancouver.
- Organized to offer cataract surgery at internationally based clinics.

Mission Statement

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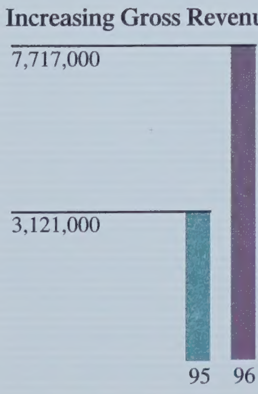
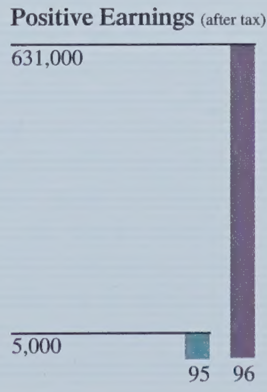
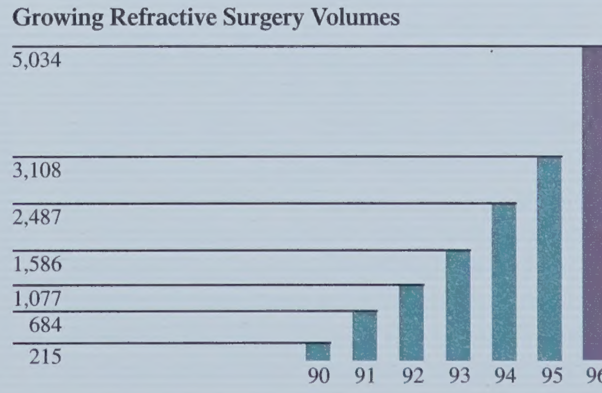
Increasing Gross Revenue



Positive Earnings (after tax)



Growing Refractive Surgery Volumes



Ed Belanger, President & CEO

PRESIDENT'S LETTER

> *"Strong financial performance and international market development were key events in 1996"*

1996 Milestones

Shooting Star achieved significant growth in 1996 and anticipates continuing this momentum into 1997. It is with great pride that I am able to state that 1996 was a great year for our young company in terms of financial performance and in the development of our international markets. In 1996 we recorded revenues of $7,717,260, more than double those produced in fiscal 1995. This revenue produced net income before taxes of $1,376,124, after taxes of $631,124 and resulted in cash flow of $1,715,056; thereby alleviating the need for immediate equity financing. Increased surgical volumes across every Shooting Star site, the addition of a new surgery centre and increased equipment sales contributed to the record performance in 1996.

Over the past year the services offered by Shooting Star's main operating subsidiary, I Care Services II Ltd., have been organized into a module system. This system enables partners and affiliates to have timely access to both services and information. Each module features a system developed at the Gimbel Eye Centre over the past thirty-three years. The modules that a partner selects are customized to meet the specific needs of that operation.

A Year of Growth

The past year has also allowed this company to forge several new alliances with international partners. New alliances were entered into in Bangkok, *Thailand*; Belo Horizonte, *Brazil*; and Beijing and Jinan, *People's Republic of China*. We have completed the groundwork for achieving our goal of fourteen new centres by year end 1997 and have already added six of these centres. Negotiations in all of our key markets are well advanced.

In the first quarter of 1997 the long awaited Gimbel Eye Centre - Toronto was opened and construction was completed on a new Gimbel Eye Centre - Vancouver. The development of the Toronto Centre was an excellent learning experience in transferring the systems and culture of the organization to a new site. The template for future partnerships has been established based on this experience.

The groundwork for joint venture agreements to develop new sites in Bangkok, *Thailand*; Brisbane and Mackay, *Australia* and Belo Horizonte, *Brazil* was developed in 1996 and these agreements were completed and became effective in early 1997.

Work is proceeding on the development of new sites in Jinan and Beijing, China. These sites are both scheduled to open in the second quarter of 1997. Shooting Star has had offers to examine joint venture opportunities in other cities in China and is currently reviewing these proposals.

IC Medical Inc., our ophthalmic equipment distribution company, is beginning to establish a market niche after its first full year of operations, and we are very pleased with its performance. A key factor in its success has been the company's western Canadian base. Currently, there are no other ophthalmic distributors based in this region. The geographic proximity of IC Medical to its customers has allowed it to provide superior service and to become a recognized name in ophthalmic

distribution. Steady growth has been achieved and our ownership position in this subsidiary should prove to enhance the overall performance of Shooting Star.

Growth Strategy and Financial Performance

Shooting Star's growth strategy continues to be through the development of joint venture projects. Alliances with high-quality, established ophthalmic practitioners usually produce immediate cash flow and contribute to the overall body of medical knowledge contained in the Shooting Star organization. As new sites are added, the combined ophthalmic knowledge from a variety of countries and experiences can be shared. This shared knowledge provides for the development of multi-centre research studies and an international medical knowledge base.

"Profit margins have increased to 17.8% in 1996"

Profit margins have been consistently increasing over the past year. Shooting Star concluded 1995 with a profit margin of 0.2%. That has increased to 17.8% at year end 1996. Additionally, the past year has seen a declining debt/equity ratio. At year end 1995 it was 1.75:1 and it has decreased to 1.44:1 this year.

International Ophthalmic Industry

During 1996 Shooting Star refined key markets and targeted specific joint venture partners. These three key markets are divided between the North American, South American and Asia-Pacific regions. Our strategy is to move into countries that already have ophthalmic care in line with North American standards and higher per capita incomes. These countries include Brazil, Japan, Australia, Hong Kong and Thailand. The one exception is the People's Republic of China. We are moving into this marketplace immediately because of the longer developmental lead times required and tremendous long term growth potential.

Consumer awareness of refractive surgery is crucial to the success of a surgery centre. In most of the company's expansion markets this awareness is already quite high as refractive procedures have been available and highly publicized for several years. We believe this awareness will aid our success in the international markets we have targeted for expansion.

In 1996, Shooting Star's international joint ventures began including the provision of cataract surgery services. This procedure is an insured medical service in Canada and currently not a part of Shooting Star's North American subsidiary operations. The medicare programs prevalent in North America are not widely available in all of Shooting Star's expansion countries. Citizens of these countries are accustomed to out-of-pocket payments for health care and the existing medical infrastructure welcomes private enterprise. Consequently, Shooting Star should have great success in these markets.

Outlook for 1997

Shooting Star maintains its commitment to become listed on a larger exchange. The excellent year we have just completed enables us to consider a larger exchange listing and this remains our objective in 1997.

The coming year will see Shooting Star carry on with international expansion. Our main focus will continue to be the Asia-Pacific and South American regions with the goal of adding fourteen new centres by year end 1997.

We have already been successful in adding six of these sites. Gimbel Eye Centres were added in Toronto and Vancouver and a joint venture agreement in Australia added two existing locations to Shooting Star's holdings effective March 3, 1997. An agreement signed in Belo Horizonte in March 1997 added another existing location to Shooting Star's holdings effective May 1, 1997. Finally, an agreement signed January 17, 1997 during the Team Canada delegation to Asia will see a clinic in Thailand open on June 1, 1997.

"We have already been successful in adding six of the fourteen new sites planned for 1997"

Additional surgery centres are being negotiated and planned for Taiwan, Japan, the United States, People's Republic of China, Australia and South America. Partners for all of these sites have been identified and we are working towards concluding these negotiations.

Over the past year we have been developing the groundwork for all planned expansion and early in 1997 we began to see the results of this planning. We have seen significant growth in revenues in 1996 and believe that 1997 will be a year of continued growth and prosperity for the company.

We thank our employees, joint venture partners and shareholders for their continued support and belief in the company's vision.

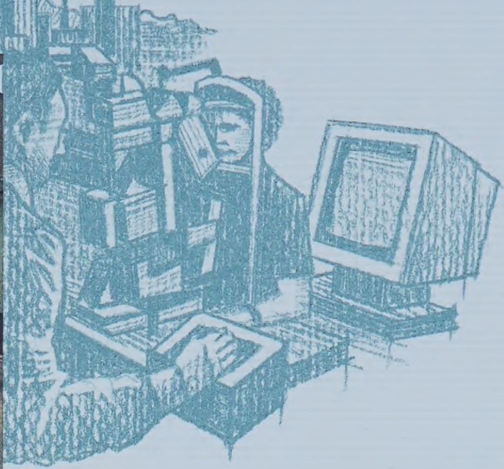
Yours truly,

Ed Belanger

President & CEO

Current and Planned Expansion Sites

Gimbel Eye Centre - Toronto is one of many new expansion sites



SUMMARY OF OPERATIONS

Eye Surgery Services

At year end 1996 Shooting Star had refractive eye surgery facilities in Calgary and Edmonton, Alberta; Saskatoon, Saskatchewan; Vancouver, British Columbia; Toronto, Ontario; and Las Vegas, Nevada. All of these facilities bear the Gimbel Eye Centre name except for the Las Vegas site which goes by the name of Shepherd Eye Center.

The company's Las Vegas site was a contributing factor to the past year's growth. This site began offering surgical services in January 1996 and during its initial year completed a total of 514 procedures.

These centres all use a Care Track™ system. Care Track™ is a distinctive method of providing sub-specialty ophthalmic care and support services. Components of this system include the provision of pre- and post-surgical care, eye surgery, patient counselling, education, scheduling, referrals and all related support services. The Care Track™ system has been developed over the past thirty-three years at Gimbel Eye Centre and over 400 international visitors come every year to observe this system. Each Care Track™ has been developed keeping patient comfort, family involvement and convenience as core elements. Shooting Star offers joint venture partners two main Care Track™ systems; these are related to the provision of cataract and refractive eye treatment.

The chart on the right shows surgical procedures offered at Gimbel Eye Centre and the date they were introduced.

Surgical Procedures Offered

Surgical Procedure	Date Offered
Cataract Extraction	1964*
Radial Keratotomy (RK)	1984
PRK for Myopia	June 1990
PRK for Astigmatism	October 1991
PRK for Hyperopia	April 1995
LASIK for Myopia	April 1995
LASIK for Astigmatism	April 1995
LASIK for Hyperopia	April 1995

**Howard V. Gimbel, MD began practising ophthalmology*

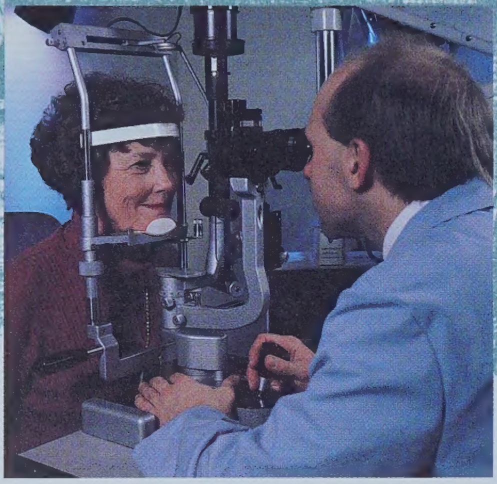
Ophthalmic Equipment Distribution Services

IC Medical Inc. is an ophthalmic equipment distribution subsidiary of Shooting Star. This company boasts exclusive distributorship of a number of high quality lines of ophthalmic instrumentation. Over the past year, it has developed a strong regional presence in western Canada largely as the result of its knowledgeable staff and its ability to offer superior product lines and equipment service. IC Medical is a recognized and respected player in the industry by its customers, suppliers and competitors.

The ownership position in IC Medical enables Shooting Star to receive access to the latest technology with the ability to acquire equipment on a timely basis with competitive pricing.

The company has begun to establish itself in eastern Canada and plans to further develop this market in 1997.

REFRACTIVE AND CATARACT SURGERY — THE PROBLEM AND THE SOLUTION

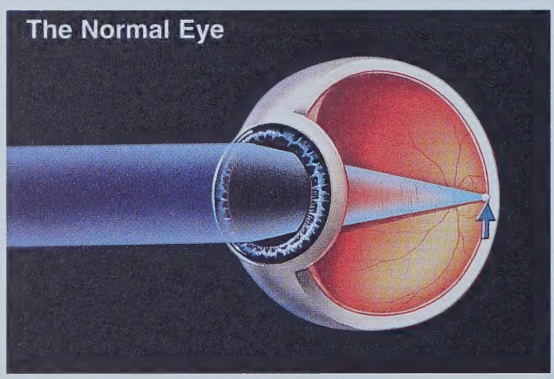


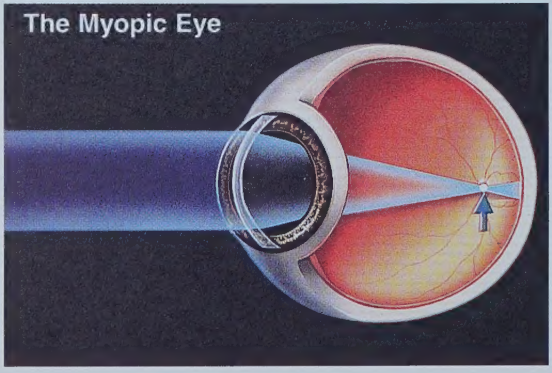
Patient focused care is provided at all Shooting Star subsidiaries

Refractive Surgery

The Problem

Refractive errors occur when the eye does not focus light images correctly. There are three main types of refractive errors. Nearsightedness or myopia is the result of an eye that focuses light images too soon, resulting in a blurred image for distant objects. Farsightedness or hyperopia is the result of an eye that does not focus light images soon enough, resulting in blurred images for near objects. Astigmatism is the result of an irregularly shaped cornea, resulting in blurred images at any distance.



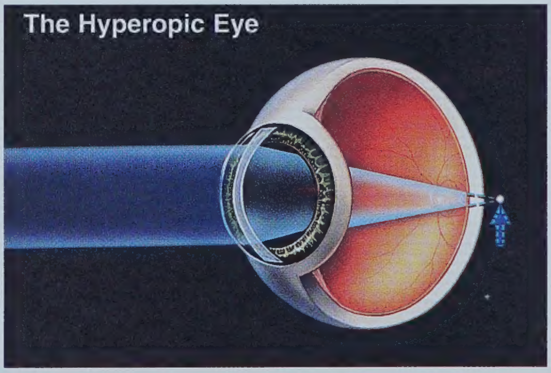


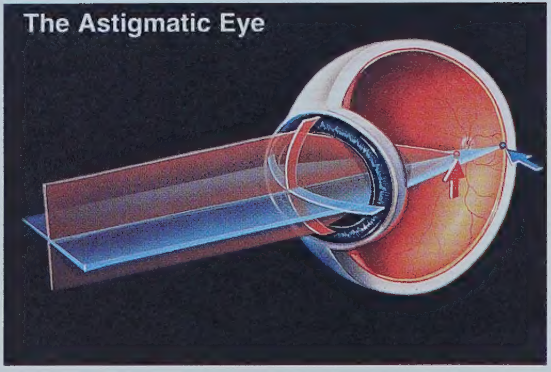
The Solution

It is not possible to change the shape of the eye, but surgeons can alter the shape of one of the eye's focusing elements — the cornea. Refractive surgery changes the shape of the cornea and this brings light to a focal point on the retina which produces clear, natural vision.

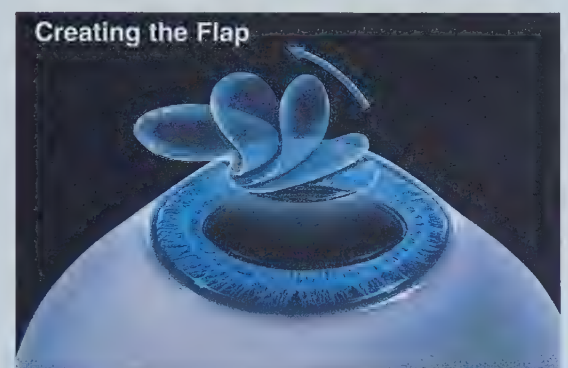
The two most commonly performed refractive surgeries are Photorefractive Keratectomy (PRK) and Laser Assisted *In Situ* Keratomileusis (LASIK). PRK uses a laser to gently remove layers of corneal tissue to reshape the surface of the eye. Currently, this procedure is used for patients requiring lower corrections. The first PRK surgery in Canada was performed at Gimbel Eye Centre - Calgary by Dr. John van Westenbrugge in June of 1990.

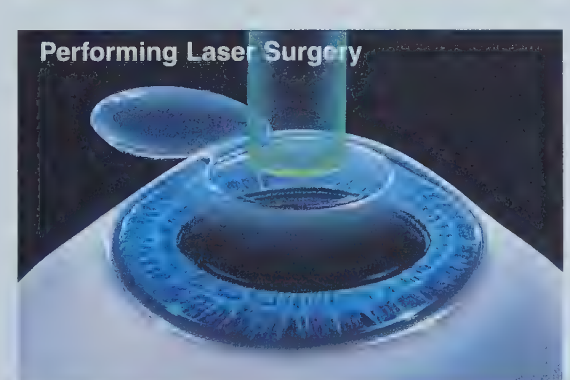
LASIK is a newer technique that involves two stages. The surgeon uses a blade called a microkeratome to create a flap of corneal tissue. This is made by cutting a very thin layer across about 90% of the cornea leaving the remainder attached by a hinge. This tissue is then turned



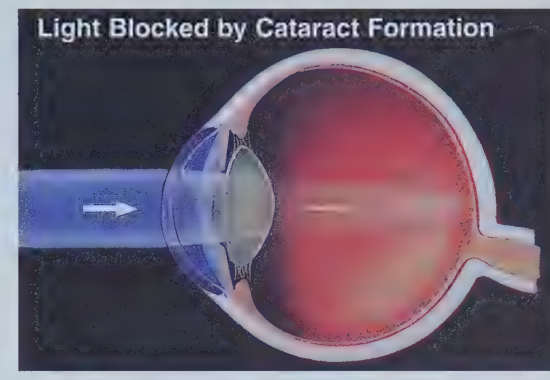


back to reveal the inner layers of the cornea. An excimer laser is used to gently remove small amounts of tissue from the corneal stroma. After the surgery is completed, the flap is lowered back down and natural forces hold it in place; therefore no stitches are required. This procedure is used for patients requiring moderate to high corrections. Many surgeons feel that it will be the refractive procedure of the future.





Cataract Surgery



The Problem

Cataracts develop when the eye's clear natural lens becomes cloudy. This is a natural part of the aging process and most elderly people will develop cataracts. The only treatment for this problem is surgery as it can not be treated with lasers, exercises, contacts, glasses or medications.

The Solution

A technique called phacoemulsification is used in the surgical treatment of cataracts. This surgery is performed in two stages. The first stage involves the removal of the cloudy lens. Surgeons use an ultrasonic probe to break up the cataract and suction it out of a tiny incision in the eye. This probe vibrates 40,000 times per second.

The second stage of cataract surgery involves replacing the lens with a new lens implant. This lens is permanently placed inside the eye.

Surgery usually takes less than 20 minutes, can be performed outside of a hospital and causes minimal patient discomfort.

Business strategy is executed by the Executive Committe who are from left to right: Howard V. Gimbel, MD, Judith A. Gimbel, Ed Belanger and Robert S. Millar

MANAGEMENT DISCUSSION & ANALYSIS

Introduction

Shooting Star was incorporated in June 1994 and began trading on the Alberta Stock Exchange as a junior capital pool company in November 1994. A reverse takeover completed on August 1, 1995 and effective March 31, 1995, saw Shooting Star acquire all of the shares of I Care Services II Ltd., the operating company for the refractive surgery portion of the Gimbel Eye Centres in Calgary, Edmonton and Saskatoon. I Care Services II Ltd. was a subsidiary of I Care Services Ltd. the company which had been successfully managing the refractive surgery practice of Gimbel Eye Centre since 1984. Subsequent to this transaction Shooting Star established five subsidiaries: IC Medical Inc., I Care Services U.S. (LLC), Gimbel Eye Centre – Vancouver, Ltd., Shooting Star Technologies (Asia) Ltd. and Gimbel Eye Centre – Toronto, Inc. Financial statements for the period ended December 31, 1996 are for a full year of operations whereas statements for the year ended December 31, 1995 were for a nine month period.

The additions to the Shooting Star family in 1996 included joint venture agreements with parties in Beijing, *China* and Memoranda of Understanding in

Summary of 1996 Additions

Joint Venture Agreements	Beijing, People's Republic of China
Memoranda of Understanding	Bangkok, Thailand Belo Horizonte, Brazil Mackay and Brisbane, Australia
Development of New Sites	Toronto, ON Vancouver, B.C.
Expansion Sites That Became Operational	Las Vegas, NV
Joint Ventures Concluded Subsequent to Year End	Bankok, Thailand Belo Horizonte, Brazil Mackay and Brisbane, Australia

Bangkok, *Thailand*; Belo Horizonte, *Brazil*; and Brisbane, *Australia.* Development of new sites occurred in Toronto, Ontario and Vancouver, British Columbia. Operations began in January 1996 at a new site in Las Vegas, Nevada. Subsequent to the 1996 year end, joint venture agreements were concluded in Bangkok, *Thailand*, Belo Horizonte, *Brazil* and Brisbane and Mackay, *Australia.*

Liquidity & Capital Resources

Shooting Star completed 1996 in a strong financial position. The company's growth in revenue was the result of both increased surgical procedures across all Shooting Star sites and equipment sales at IC Medical. The number of laser refractive procedures performed at Shooting Star's Canadian sites have been increasing by an average of 78% per year over the past seven years. Shooting Star believes this trend will continue in 1997 and that the addition of new sites will accelerate this growth.

An initial review of the company's statements would indicate a working capital deficiency of $927,668. However, on March 18, 1997 the company received approval for long term financing of two excimer lasers with a total cost of $890,000 which is currently reflected in accounts payable and accrued liabilities. In future statements these lasers will be recorded as long term capital leases and will increase the company's working capital position by that same amount.

At year end, Shooting Star had obligations under capital lease totalling $1,410,731. The majority of these obligations represent lease payments on excimer lasers. It is the intention of management to lease lasers both in the development of joint venture sites as well as through wholly-owned subsidiaries.

The competitive business of laser eye surgery requires the provider to maintain leading edge technology. As a matter of course, new equipment will continually be sourced and older equipment will be sold to provide high quality patient care and ensure the company remains competitive.

Deferred development costs relate to the development of Shooting Star's key markets. If potential markets

are abandoned or deemed not to be commercially viable, the total of the deferred costs for these projects will be expensed at that time. Amortization of costs will be allocated over the anticipated period of economic benefit which is estimated to be three years from the commencement of operations in the respective market.

The company issued 136,500 shares in 1996 on the exercise of stock options. In addition, a private placement of 156,250 units, each comprised of 1 common share and 1 common share warrant, was completed on November 1, 1996. At year end 1,537,750 options remained outstanding to directors, officers, employees and consultants.

Results of Operations

Revenue to the end of December 31, 1996 totalled $7,717,260. This represents a 147% growth over the previous year's revenue. I Care Services U.S. (LLC) contributed $261,279 as its 50% share of revenues for its first year of operations at Shepherd Eye Center which began in January 1996.

The fiscal year ended December 31, 1996 represented the first full year of operations for Shooting Star. As anticipated, losses were reported for the first year of operations in two subsidiary operations, IC Medical and I Care Services U.S. (LLC). IC Medical is an ophthalmic equipment distribution company and I Care Services U.S. (LLC) is an American holding company for the refractive surgery operations in Las Vegas. These losses were offset by strong earnings in Shooting Star's main operating subsidiary, I Care Services II Ltd. In the initial months of 1997, both IC Medical and I Care Services U.S. (LLC) are recording profits and I Care Services II continues to perform strongly.

Shooting Star's Operations Agreement with I Care Services Ltd. and Howard V. Gimbel Professional Corporation expired on March 31, 1997. This Agreement is being renegotiated and no significant changes are anticipated.

Risks and Uncertainties

Foreign Exposures:

At present the company has only small exposures to the stable currencies of the United States and Hong Kong. These exposures are minimal and do not warrant hedging measures.

Shooting Star expects that there will be several sites developed in most expansion countries and the earnings in these locations will be retained in that country for further development; thus reducing the risk of losses on currency conversion. One country that presents a potential for risk of loss of assets and currency is the People's Republic of China. The Export Development Corporation will be insuring Shooting Star against political risks, specifically expropriation of equipment, severe political upheaval, or a sudden inability to convert currency or repatriate profits.

Competitive environment:

Gimbel Eye Centre has enjoyed a market leadership position in refractive surgery since 1990 when it became the first laser centre in Canada to perform PRK surgery. Since the acquisition of this refractive practice by Shooting Star the company has continued to consistently increase surgical volume each quarter.

Shooting Star believes the U.S. market will become quickly saturated. At the end of 1996 there were 341 laser surgery centres operating and several companies and physicians still intend to enter the market. Excluding the venture in Las Vegas, Shooting Star will only consider further expansion into this market in unusual circumstances. This would include partnerships with well respected ophthalmologists who currently operate high volume refractive practices.

Reliance on partners:

The reliance on joint partners for continual development exposes Shooting Star to some additional risk. However, this risk is also one of the company's greatest strengths. All of the company's joint venture partners have established professional networks and experience in the local business etiquette. These are crucial elements of the company's prevalence in new markets. Ensuring partners share financial risk in the surgery centres minimizes the company's exposure to disappointing results and ensures the partner is committed to the surgery centre's success.

Outlook for 1997

Shooting Star plans to continue its expansion plans with the addition of fourteen new sites before December 31, 1997. These sites are located primarily in the Asia Pacific and South American regions. To the end of May 1997, six new sites were either developed or under development.

Shooting Star also maintains a commitment to list on a larger exchange in 1997. The excellent fiscal year recently completed makes this goal realistic. The listing will likely be held in conjunction with a public offering of securities in order to raise additional expansion funds.

STATEMENT ON CORPORATE GOVERNANCE

Strategic governance is provided by the Board of Directors who are:

Back row left to right:
Howard V. Gimbel, MD, Robert McInnes, Clifford M. James and Robert S. Millar

Front row left to right:
Judith A. Gimbel, Ed Belanger and Bruce S. Maller

Shooting Star is committed to continually refining its governance structure to meet the needs of this dynamic organization. As the company grows its governance structures have grown, and new committees of the Board have been added to ensure that sound governance practices are maintained. The following overview provides a summary of the responsibilities and membership of the governing bodies of Shooting Star Technologies Inc.

Board of Directors

Membership: See Above

The Board of Directors hold ultimate responsibility for the strategic governance of the company. Their mandate includes:

- ensuring a strategic planning process has been adopted and is regularly evaluated,
- ensuring the communications policy is effective and reaches all relevant stakeholders,
- appointing, training and monitoring senior management,
- determining the level of autonomy granted management regarding banking and borrowing,
- approving the company's annual operating and capital budgets; and
- determining the review process for financial statements.

Audit Committee

Membership: Robert McInnes, Clifford M. James, Bruce S. Maller

This committee of the Board has been established to satisfy itself and the Board that all regulatory and reporting requirements are met. Their mandate includes:

- ensuring that the company's annual financial statements are presented fairly and recommending them to the Board for approval,
- ensuring the information contained in the company's quarterly statements and other financial publications is not misleading or erroneous,
- ensuring appropriate systems of internal control over reporting are in place and operating smoothly,
- implementing appropriate systems of internal control to ensure compliance with regulatory, legal and ethical requirements; and
- recommending the re-appointment of the auditors.

Executive Committee

Membership: Howard V. Gimbel, MD, Judith A. Gimbel, Ed Belanger, Robert S. Millar

This committee of the Board has been established to oversee expansion initiatives and to support the Board of Directors between formal meetings. Their mandate includes:

- ensuring systems are in place to provide information to the Board of Directors in a timely and efficient manner,
- ensuring proposals for Board review are prepared in a timely manner,
- recognizing the need for standards, policies, protocols and procedures and ensuring they are implemented accordingly; and
- executing the strategy and business plans approved by the Board of Directors.

Compensation Committee

Membership: Judith A. Gimbel, Ed Belanger, Clifford M. James, Bruce S. Maller

This committee of the Board has been established to responsibly address compensation issues. Their mandate includes:

- ensuring that the company's review of industry compensation levels, management performance and the circumstances of the company are accurate and justifiable; and
- providing the Board with recommendations on compensation issues.

FINANCIAL STATEMENTS

Management's Letter

The accompanying financial statements and all information in the annual report are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assuarance that transactions are appropriately authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of financial statements. KPMG Chartered Accountants, has been engaged, as approved at the company's most recent annual general meeting, to examine the financial statements in accordance with generally accepted auditing standards in Canada to provide an independent professional opinion.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee of the Board. This committee, which is comprised entirely of non-management directors, meets with management and external auditors to satisfy itself that management responsibilities are properly discharged and to review the financial statements before they are presented to the Board of Directors for approval. The financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ed Belanger
President & CEO

Calgary, Canada
March 21, 1997

Auditor's Report

We have audited the consolidated balance sheet of Shooting Star Technologies Inc. as at December 31, 1996 and 1995 and the consolidated statements of earnings and retained earnings and changes in financial position for the year ended December 31, 1996 and the period from commencement of operations March 31, 1995 to December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1996 and 1995 and the results of its operations and the changes in its financial position for the year ended December 31, 1996 and the period from commencement of operations March 31, 1995 to December 31, 1995 in accordance with generally accepted accounting principles.

KPMG

Chartered Accountants

Calgary, Canada
March 21, 1997

CONSOLIDATED BALANCE SHEETS

SHOOTING STAR

December 31, 1996 and 1995

	1996	1995
Assets		
Current assets:		
Cash	**$ 868,775**	$ –
Accounts receivable (note 10)	**1,363,973**	459,857
Inventory	**672,090**	195,818
Prepaid expenses	**34,697**	21,142
	2,939,535	676,817
Deferred development costs (net of accumulated amortization of $27,136)	**391,873**	68,579
Capital assets (note 4)	**3,397,589**	1,975,001
	$6,728,997	$2,720,397
Liabilities and Shareholders' equity		
Current liabilities:		
Bank indebtedness (note 5)	**$ 406,539**	$ 64,598
Accounts payable and accrued liabilities	**2,379,256**	1,065,330
Income taxes payable	**647,002**	–
Current portion of obligations under capital lease (note 6)	**298,329**	309,281
Current portion of long-term debt (note 7)	**109,847**	–
Deferred revenue	**26,230**	25,200
	3,867,203	1,464,409
Obligations under capital lease (note 6)	**1,112,402**	688,851
Long-term debt (note 7)	**393,831**	–
Deferred income taxes	**30,000**	–
Shareholders' equity:		
Capital stock (note 8)	**689,735**	562,435
Retained earnings	**635,826**	4,702
	1,325,561	567,137
Subsequent events (note 11)		
	$6,728,997	$2,720,397

See accompanying notes to consolidated financial statements.

Approved by the Board

Robert McInnes
Director

Bruce Maller
Director

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

SHOOTING STAR

	Year ended December 31, 1996	Period from commencement of operations March 31, 1995 to December 31, 1995
Revenues:		
Facility fees	**$ 6,463,299**	$ 3,100,360
Equipment sales	**1,253,961**	21,103
	7,717,260	3,121,463
Expenses:		
Wages and benefits	**2,107,632**	1,151,728
General and administrative	**1,224,967**	698,390
Cost of sales-equipment	**862,836**	18,160
Marketing	**760,821**	399,326
Medical supplies	**531,950**	256,693
Depreciation and amortization	**519,228**	301,550
Interest and bank charges	**262,105**	131,456
Repairs and maintenance	**104,907**	106,294
	6,374,446	3,063,597
Earnings before income taxes and (gain) loss on disposal of assets	**1,342,814**	57,866
(Gain) loss on disposal of assets	**(33,310)**	51,987
Earnings before income taxes	**1,376,124**	5,879
Provision for income taxes (note 9):		
Current	**715,000**	1,177
Deferred	**30,000**	–
	745,000	1,177
Net earnings	**631,124**	4,702
Retained earnings, beginning of period	**4,702**	–
Retained earnings, end of period	**$ 635,826**	$ 4,702
Earnings per common share:		
Basic	**$ 0.03**	$ –

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

SHOOTING STAR

	Year ended December 31, 1996	Period from commencement of operations March 31, 1995 to December 31, 1995
Cash provided by (used in):		
Operations:		
Net earnings	**$ 631,124**	$ 4,702
Items not involving cash:		
Depreciation and amortization	**519,228**	301,550
(Gain) loss on disposal of assets	**(33,310)**	51,987
Deferred income taxes	**30,000**	–
	1,147,042	358,239
Changes in non-cash operating working capital	**568,014**	413,713
	1,715,056	771,952
Financing:		
Increase in capital lease obligations	**935,169**	371,288
Proceeds of long-term debt	**599,940**	–
Issuance of shares to acquire subsidiary	**–**	347,916
Assumption of capital lease obligations on acquisition	**–**	824,000
Issuance of note payable on acquisition	**–**	500,000
Repayments of capital lease obligations	**(522,570)**	(197,157)
Repayment of long-term debt	**(96,262)**	–
Repayment of note payable	**–**	(500,000)
Proceeds on issuance of share capital on business acquisition	**–**	10,000
Proceeds on issuance of share capital	**127,300**	204,520
	1,043,577	1,560,567
Investments:		
Acquisition of business	**–**	(1,334,000)
Deferred development costs	**(350,428)**	(68,579)
Additions to capital assets	**(2,223,871)**	(1,337,038)
Proceeds on disposal of capital assets	**342,500**	342,500
	(2,231,799)	(2,397,117)
Increase (decrease) in cash position	**526,834**	(64,598)
Cash position, beginning of period	**(64,598)**	–
Cash position, end of period	**$ 462,236**	$ (64,598)

Cash position is defined as cash, term deposits and bank indebtedness

See accompanying notes to consolidated financial statements.

Year ended December 31, 1996 and the period from commencement of operations March 31, 1995 to December 31, 1995

Shooting Star Technologies Inc. is a public company that develops and operates ophthalmic surgery centres across North and South America, East Asia and Australia. While developing those centres, the Company grants the use of the "Gimbel" name and systems for these ophthalmic services. The Company also provides ophthalmic practitioners with a wide range of professional support including training, marketing, operations, equipment maintenance and consultation services.

1. General:

The Company was incorporated as 628914 Alberta Ltd. on October 19, 1994 pursuant to the Business Corporations Act (Alberta) and changed its name to I Care Services II Ltd. ("ICS II" or the "Company") on March 15, 1995. The Company commenced operations on March 31, 1995 after certain business assets were acquired from the Company's parent, I Care Services Ltd. ("ICS"). Effective August 1, 1995 the Company entered into a business combination accounted for as a reverse takeover transaction whereby the Company was deemed to have acquired Shooting Star Technologies Inc. ("Shooting Star"), a publicly traded company listed on the Alberta Stock Exchange. These financial statements reflect the historical accounts and operations of I Care Services II Ltd. (see note 3). The Company continues under the name of Shooting Star Technologies Inc.

2. Significant accounting policies:

(a) Basis of presentation:
These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, its 55% owned subsidiary, IC Medical Inc., its 51% owned subsidiary, Gimbel Eye Centre - Toronto Inc., and a 50% interest in a U.S. joint venture.

(b) Inventory:
The inventory of medical supplies and publications is valued at the lower of cost or replacement cost. Inventory of medical equipment and supplies for resale is valued at the lower of cost and net realizable value.

(c) Capital assets:
Capital assets are stated at cost. Equipment under capital lease is initially recorded at the present value of minimum lease payments at the inception of the lease. Depreciation is provided on the diminishing-balance basis at the following rates, except for leasehold improvements which are amortized on a straight-line basis over eight years.

Equipment	Rate
Equipment under capital lease	20%
Furniture and equipment	20%
Video equipment	20%
Computer hardware	30%
Computer software	33-1/3%

(d) Deferred development costs:
Deferred development costs include costs associated with the development of new markets for eye surgery in Canada, the United States, Asia, Australia and South America. If potential markets are abandoned or deemed not to be commercially viable, the total of the deferred costs for these projects will be expensed at that time. Amortization of costs will be provided over the anticipated period of economic benefit which is estimated to be three years from the commencement of operations in the respective market.

3. Business combinations:

(a) Pursuant to an agreement effective March 31, 1995 the Company acquired the laser refractive eye surgical business and related assets from its parent ICS. This transaction was accounted for at the net book value of the assets acquired. As consideration the Company issued 15,000,000 common shares, a note payable in the amount of $500,000 and assumed the obligations under two capital leases.

Assets acquired at the net book value of I Care Services Ltd.:	
Laser and other surgical and related equipment	$ 1,334,000
Consideration:	
Assumption of capital lease obligations	$ 824,000
Note payable	500,000
Issue of 15,000,000 common shares	10,000
	$ 1,334,000

The note payable bore interest at 8% per annum compounded monthly and was repayable on demand. During 1995 the Company repaid the balance of the note payable.

(b) Shooting Star Technologies Inc.

Effective August 1, 1995 Shooting Star, a publicly traded company listed on the Alberta Stock Exchange, acquired all of the issued and outstanding capital stock of ICS II through the issue of 15,814,100 Common Shares of Shooting Star pursuant to the terms of an Acquisition Agreement entered into on March 31, 1995. As a result of this acquisition, ICS, the previous shareholder of ICS II, acquired more than 50% of the issued and outstanding shares of Shooting Star. Consequently, this business combination was accounted for as a reverse takeover whereby ICS II was deemed to have acquired Shooting Star.

The purchase price, for accounting purposes, is at an ascribed value of $347,916 and is based on the net book values of the assets and liabilities of Shooting Star acquired which are as follows:

Cash	$ 17,378
Accounts receivable including an intercompany balance of $337,200	347,894
Accounts payable and accrued liabilities	(17,356)
	$ 347,916

4. Capital assets:

1996	Cost	Accumulated depreciation	Net book value
Equipment under capital lease	$ 1,959,717	$ 243,319	$ 1,716,398
Laser equipment	1,704,911	450,027	1,254,884
Furniture and equipment	74,505	11,097	63,408
Leasehold improvements	273,719	5,102	268,617
Video equipment	11,278	3,560	7,718
Computer equipment	78,327	6,123	72,204
Computer software	16,883	2,523	14,360
	$ 4,119,340	$ 721,751	$ 3,397,589

1995	Cost	Accumulated depreciation	Net book value
Equipment under capital lease	$ 1,123,876	$ 35,823	$ 1,088,053
Laser equipment	1,002,984	184,281	818,703
Furniture and equipment	25,806	2,113	23,693
Leasehold improvements	24,305	2,206	22,099
Video equipment	11,278	1,630	9,648
Computer equipment	13,304	499	12,805
	$ 2,201,553	$ 226,552	$ 1,975,001

5. Bank indebtedness:

	1996	1995
Operating loan to a maximum of $225,000 bearing interest at bank prime plus 1% due on demand	$ 200,000	$ 50,000
Net overdraft position	206,539	14,598
	$ 406,539	$ 64,598

The bank indebtedness is secured by general security agreements covering certain assets of the Company, guarantees and postponement of claims signed by the Company and a minority interest shareholder.

6. Obligations under capital lease:

Capital leases have implicit rates of interest ranging from bank prime plus 1/8% to bank prime plus 3/4%. Additional leases bear interest at the rate of 90 day Bankers' Acceptances plus 1.75%. Interest paid on capital leases during the period ended December 31, 1996 was $62,836 (1995 - $89,743). Future minimum lease payments, excluding implicit interest, for years ending December 31 are as follows:

1997	$ 298,329
1998	288,672
1999	215,702
2000	229,181
2001	240,908
Thereafter	137,939
	$ 1,410,731

7. Long-term debt:

	1996	1995
Bank term loan, repayable in monthly installments of $11,900 including interest of 9.25% to March 2001	$ 473,678	$ –
Small business loan, repayable in monthly installments of $954 including interest of bank prime rate plus 1% to December 1999	30,000	–
	503,678	–
Less: current portion	109,847	–
	$ 393,831	$ –

(a) The bank loan and the small business loan are secured by certain capital assets.

(b) Principal repayments for the years ending December 31 are as follows:

1997	$ 109,847
1998	120,425
1999	132,023
2000	132,804
2001	8,579
	$ 503,678

8. Share capital:

(a) Authorized:

Unlimited number of voting Common Shares without nominal or par value
Unlimited number of non-voting Class A preferred shares without nominal or par value

(b) Issued:

	Number of Shares	Amount
Common shares:		
Issued on incorporation	100	$ 20
Issued for cash on private placement	814,000	162,800
Issued on acquisition of certain business assets from I Care Services Ltd. (note 3(a))	15,000,000	10,000
Issued for cash	3,335,000	347,915
Exercise of options for cash	297,500	41,700
Balance, December 31, 1995	19,446,600	562,435
Exercise of options for cash	136,500	27,300
Issued for cash on private offering on November 1, 1996	156,250	100,000
Balance, December 31, 1996	19,739,350	$ 689,735

(i) As at December 31, 1996, pursuant to the Company's stock option plan, the Company has outstanding options to acquire 1,537,750 common shares at prices ranging from $0.20 to $1.11 per share expiring at varying dates from November 1999 to October 2001. In 1996 options were exercised to acquire 136,500 common shares. Subsequent to year end, options were exercised to acquire 63,000 common shares.

(ii) During 1996 options were granted to purchase 388,000 common shares at prices ranging from $0.82 to $1.11 per share expiring at varying dates from June to October 2001.

(iii) On November 1, 1996, the Company issued a private placement offering to a director consisting of 156,250 units at a price of $0.64 per unit. Each unit consisted of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to acquire one common share of the Company at a price of $0.80. As at December 31, 1996, 156,250 share purchase warrants were outstanding which expire on November 1, 1998.

9. Income taxes:

The income tax cost differs from the amount which would be obtained by applying the expected Canadian income tax rates as follows:

	1996	1995
Income tax rate	44.6%	44.6%
Computed "expected" income tax provision	$ 614,000	$ 2,623
Unrecognized benefit of losses of subsidiaries	77,500	–
Other non-deductible items	53,500	–
Other	–	(1,446)
	$ 745,000	$ 1,177

10. Related party transactions:

(a) In accordance with an operations agreement with the Company's parent, the Company paid $100,000 (1995 - $44,583) in management fees.

(b) A balance of $611,292 (1995 - $178,013) included in accounts receivable is due from the Company's parent for the Company's share of net revenue from patients. In 1995 a balance of $120,686 included in accounts receivable is due from a joint venture partner for the sale of a laser upon formation of a joint venture net of the Company's share of development costs. In 1996 a balance of $86,413 included in accounts receivable is due from a joint venture partner for their share of development costs and purchase of capital assets.

(c) Rent has been paid to two companies owned by a significant shareholder of the Company in the amount of $167,009 (1995 - $147,047) for the year ended December 31, 1996. This transaction was in the normal course of operations and is measured at the exchange amount of consideration established and agreed to by the related parties.

(d) Equipment lease payments have been paid to a company owned by a director of the Company in the amount of $34,053 (1995 - $25,376) for the year ended December 31, 1996. This transaction was in the normal course of operations and is measured at the exchange amount of consideration established and agreed to by the related parties.

(e) In accordance with an operations agreement with the Company's parent, the Company paid $85,498 (1995 - $45,277) for various medical supplies used in refractive surgeries. This transaction was in the normal course of operations and is measured at the exchange amount of consideration established and agreed to by the related parties.

11. Subsequent events:

(a) In January 1997 the Company granted additional options for 140,000 common shares at prices ranging from $1.04 to $1.11 per share, expiring January 2002.

(b) On January 17, 1997 the Company signed a joint venture agreement to establish business in Bangkok, Thailand. The joint venture agreement between the Company and Asoke Sin gives the Company a 45% interest in a new laser refractive eye surgery centre to be located at the Rutnin Eye Hospital.

(c) On February 13, 1997 the Company signed a joint venture agreement with Vicary Eye Care Services Pty Ltd. in Australia for the provision of cataract and refractive eye surgery services. The agreement calls for the formation of a new company to be called Pacific Eye Centre (Australia) Pty Ltd. which will be 75% owned by Shooting Star's wholly owned Australian subsidiary and 25% owned by Vicary Eye Care Services Pty Ltd. Effective March 3, 1997 the new company acquired the assets of the two existing Pacific Eye Centres located in Brisbane and Mackay, Australia.

(d) On March 5, 1997 the Company signed a joint venture agreement with Clinica Dr. Ricardo Guimarães in Brazil for the provision of refractive eye surgery services. This is the first international healthcare joint venture permitted under new Brazilian law which became effective January 1, 1997. The joint venture covers expansion into all the MERCOSUR countries, which include Brazil, Argentina, Uruguay and Paraguay, as well as Bolivia, Chile and Columbia. The agreement calls for the formation of a new company to be called Gimbel Guimarães Vision Centers S/C Ltda. which will be 51 percent owned by Shooting Star's wholly owned Brazilian subsidiary and 49 percent owned by Clinica Dr. Ricardo Guimarães S/C Ltda. Effective May 1, 1997, this new company will acquire the assets of the existing refractive practice at Clinica Dr. Ricardo Guimarães in Belo Horizonte, Brazil.

(e) On March 18, 1997 the Company received approval for the long-term lease financing of two lasers with a total cost of $890,000 currently reflected in accounts payable and accrued liabilities. In 1997 and future years, these will be recorded as long-term capital leases, and accordingly, the effect of this reclassification had it been made at December 31, 1996 would be to increase working capital by $890,000. The future minimum lease payments are $15,447 per month, including interest of 7.75% for a term of 72 months.

CORPORATE DIRECTORY

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Grebler, Pinheiro, Moirão & Raso - Brazil

Auditor:

KPMG Chartered Accountants - Canada and Internationally

Notice of Annual Meeting:

The Annual General and Special Meeting of Shareholders will be held at 3:30 p.m. on Tuesday, June 17, 1997 at the Market Mall Professional Building, Main Floor, Suite 122, 4935 - 40 Avenue N.W., in Calgary, Alberta.

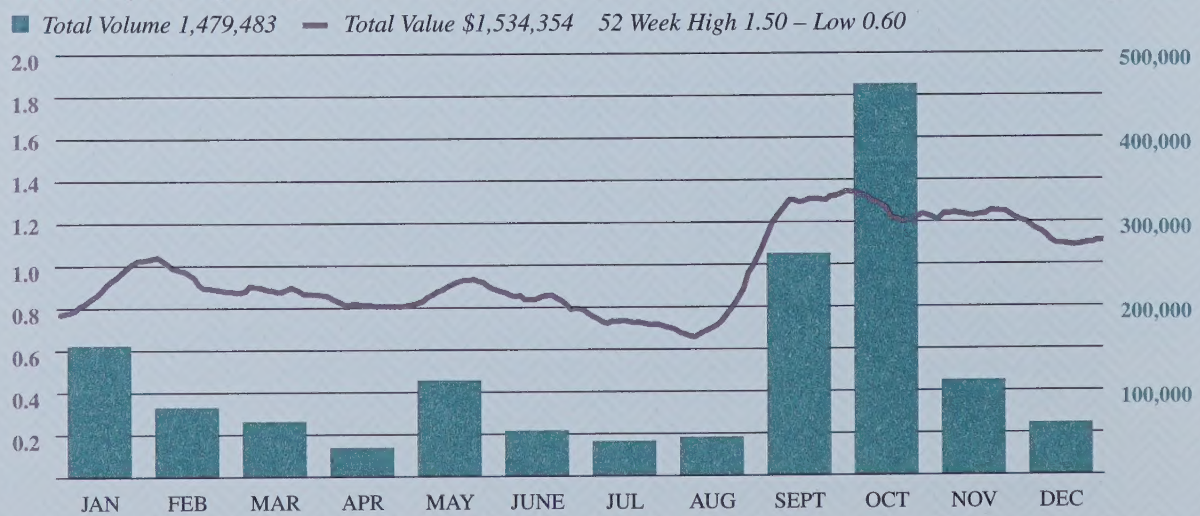
Common Stock:

At the end of 1996 the company had 19,739,350 common shares outstanding and no preferred shares.

Stock Exchange Listing:

Alberta Stock Exchange
Symbol: SSJ

ASE 10 Day Moving Average and Monthly Volume – 1996



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SHOOTING STAR

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